

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – APRIL 12, 2006

PRESENT: Chairman Anthony Maiola and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Steven Slovenski, Legal Counsel; Evie Taft, Human Resources Administrator; Thomas Chagnon, Assistant Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Brassard, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer; Doreen Wittenberg, Business Administrator. **Guests:** Al Picconi, Southern Wine & Spirits of N.E., Inc.

EXCUSED: Commissioner John Byrne; Howard Roundy, Director of Information Technology.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Total sales for the week ending April 9, 2006 increased by 5.31% or \$338,632, as they did year-to-date by 5.87% or \$18,063,091.

A Senior Staff meeting is scheduled for 1:30 p.m. tomorrow, at which time the capital budget will be discussed.

The Commission and Bureau Chiefs will be receiving a memo regarding headquarters security.

A legislative hearing on HB 1305 relative to business permits will be held next Wednesday, April 19th at 11:00 a.m.

The current W-6 Expense Budget Activity Variance Report shows the year to be at about 78% expired, with total agency expenditures at around 74%. George is preparing to send out an e-mail to Bureau Chief's relative to locking down expenses. He also asked for the Commission's support regarding utilities and benefits deficits.

The results of the year-end inventory were excellent. George complimented everyone involved for their efforts. Losses were down \$100,000 over last year with \$15 million more in sales. The inventory process itself was reduced from four to six weeks to just a couple of weeks. Peter commented that aggressive action has been taken against shoplifting, which appears to be paying off. Commissioner Russell also congratulated everyone. John Bunnell

felt the Accounting department did a good job tightening up the deadline, and that it was a much more streamlined operation than in the past.

2. IT Report:

Point-of-Sale equipment vendors will be in next week to provide oral presentations on replacement equipment. Testing of these environments will also occur.

The BIS server addition of disk space on the EMC Storage Area Network went well last Saturday morning. Other servers will undergo the same routine in the next couple of weeks.

3. Human Resources Report:

Internal appeal process procedures have been provided to the Commission, and are being finalized. An e-mail will be forwarded to the Bureau Chiefs regarding this.

II. MARKETING & SALES REPORTS

1. Store Operations:

John Bunnell outlined the history of Peter Engel's employment with the Commission, and those present congratulated Peter on his anniversary of 30 years with the Liquor Commission.

Total sales for the week ending 4/9/06 were up 7.2% or \$322,745.22. The Keene store was up substantially again this week, along with a number of other stores.

Peter reported that a good meeting regarding the new welcome center was held last Thursday. This group will be meeting the first Thursday of each month. Commissioner Russell mentioned that she had spoken with Commissioner Murray of Transportation regarding this. Jim Marshall of D.O.T. suggested looking at the possibility of putting another tourism center in Antrim.

The stores are now preparing for Easter weekend.

There was a meeting with the N.H. Lottery yesterday. That agency is coming out with a New Hampshire-based ticket incentive for the summer season. The Commission and Sweepstakes are pulling together to support each other by placing emphasis on New Hampshire.

2. Purchasing Report:

John Bunnell reported that a large shipment of Yellow Tail wines has now been received.

There is now 14% more product in the Concord Warehouse than last year at this time.

3. Merchandising Report:

A. SPIRITS:

1) Test Market Results (Codes #4408 and #4523):

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission grant specialty status to Code #4408, Clement Canne Rum, 750ML size and Code #4523, Cognac Frappin Chateau Fontpoint XO, 375ML size, both of which achieved their respective gross profits required for specialty item consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Sweepstakes:

a. May, June, July Sweepstakes (Skyy Vodka & 1800 Tequila):

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/Skyy Spirits to conduct a consumer sweepstakes in conjunction with Skyy Vodka and 1800 Tequila during May, June and July 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. June Sweepstakes (Cointreau Liqueur):

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./Remy Cointreau to conduct a consumer sweepstakes in conjunction with Code #5242, Cointreau Liqueur, 750ML size during June 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. June Sweepstakes (Tarantula Azul Citrus Tequila):

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H./McCormick Distilling Company to conduct a consumer sweepstakes in conjunction with Code #3663, Tarantula Azul Citrus Tequila, 750ML size during June 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) One Time Buys:

a. 1800 Reposado Tequila:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve an offer from Horizon Beverage Company/Skyy Spirits for the Commission to make a one-time purchase of discontinued Code #8476, 1800 Reposado Tequila, 375ML size, to be distributed to selected stores, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Paul Masson Brandy:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission deny an offer from Horizon Beverage Company/Centerra Wine Company for the Commission to make a one-time purchase of Paul Masson Brandy, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Sazerac Company (3 items):

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve an offer from Southern Wine & Spirits of N.E., Inc./Sazerac Company, Inc. for the Commission to make a one time purchase of Code #2974, Sazerac Rye 6 Year Old, Code #1767, Buffalo Trace and Code #2972, Eagle Rare 17 Year Old Bourbon, 750ML sizes, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) June Special Offers:

a. 5 items – Perfecta Wine Company:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve special offers from Perfecta Wine Company, based upon depletions for five (5) spirit items, to be featured on sale during June 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 19 items – Martignetti Companies of N.H.:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve special offers from Martignetti Companies of N.E., based upon depletions for nineteen (19) spirit items, to be featured on sale during June 2006, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) June 2006 E-Mail Alert Coupon (E & J Gallo Winery):

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve an offer from E & J Gallo Winery to utilize an e-mail alert coupon during June 2006 on behalf of three (3) Napa Valley Vineyard wines, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Purchase & Display Twin Fin:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from M.S. Walker, NH/Pacific Wine Partners for the purchase and display of Code #41742, Twin Fin Pinot Noir and Code #41738, Twin Fin Cabernet during May and June 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Purchases and Introductions:

a. Edna Valley Wines:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny an offer from Southern Wine & Spirits of N.E., Inc./Edna Valley Wines for the Commission to purchase and introduce Code #43379, Edna Valley Cabernet and Code #43380, Edna Valley Merlot for display in Cluster 1 and 2 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Killer Juice 3 Liter Boxes:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from Horizon Beverage Company/The Wine Group for the Commission to purchase and introduce Code #43446, Killer Juice Cabernet and Code #43447, Killer Juice Chardonnay, 3 liter boxes, during May and June 2006, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Jibe Pinot Noir:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission deny a request from M.S. Walker, NH for the Commission to purchase and introduce Code #43318, Jibe Pinot Noir in Cluster 1 and 2 stores, but allow the placement of this product with three absolutes in the Cluster 1 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. Toad Hollow Erik's Red:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from M.S. Walker, NH to purchase and introduce Code #42097, Toad Hollow Erik's Red by placing a three absolute in all Cluster 1 stores, and approve the removal of two lists of American miscellaneous red wines from retail, to be discounted in order to assist in depleting remaining inventory, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Test Requests:

a. Toasted Head Pinot Noir & Shiraz:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from Southern Wine & Spirits of N.E., Inc./Connoisseur Wine Company to test market Code #43044, Toasted Head Pinot Noir and Code #43045, Toasted Head Shiraz by placing three absolutes of both products in all Cluster 1 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Rex Goliath Pinot Grigio & Shiraz:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from Pine State Trading Company to test market Code #42212, Rex Goliath Pinot Grigio and Code #41862, Rex Goliath Shiraz by placing three absolutes of both products in all Cluster 1 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Red Diamond Shiraz:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission deny a request from Southern Wine & Spirits of N.E., Inc. to test market Code #43393, Red Diamond Shiraz by placing these items in Cluster 1 and 2 stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Alois Lageder Pinot Grigio:

It was moved by Commissioner Russell, seconded by Commissioner Maiola, that the Commission approve a request from Martignetti Companies of N.H. to test market Code #42898, Alois Lageder Pinot Grigio, 750ML size, by placing three absolutes in all Cluster 1 stores and in eight (8) additional stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Recommended Allocated Wines for Distribution to Selected Stores (2 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve two (2) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 6) Recommended Allocated Wines (Absolutes) for Distribution to Selected Stores (3 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve three (3) allocated wines (absolutes) for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 7) Primary Source Submissions (7 primary source; 7 exclusive agent; 33 imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of seven (7) wine codes which are from primary source, seven (7) wine codes which are offered by the exclusive marketing agent and thirty-three (33) wine codes which are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – No report given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated April 6 through April 12, 2006. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items/Other: None.

Anthony C. Maiola, Chairman

Patricia T. Russell, Commissioner

/D. Hartford

